

Huntingdonshire Local Plan Examination

on behalf of Kingspan Timber Solutions (Trading as Potton)

Matter 13 . Strengthening communities

Policy LP26 Housing Mix

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For and on behalf of Brown & Co.

Brown & Co is a leading provider of agency, professional and consultancy services across the whole range of rural, commercial, residential, and agricultural markets.

Date: July 2018.

Reference: S-883P.

Comment ID: HLP2036-PS:367/369

1.0 **Introduction**

1.1 Brown & Co Barfords represent Kingspan Timber Solutions (Trading as Potton) who object to Policy LP26 and the Council's intended strategy for the delivery of self and custom-build homes over the plan period.

2.0 **Background**

2.1 Based within Huntingdonshire with its production and marketing centre at Great Gransden, Potton is the UK's leading and best known manufacturer of prefabricated kit houses and timber frame systems, specialising in designing and delivering bespoke self-build and custom build homes. The company has designed over 7,500 self-build properties and is a leading promoter in the delivery of self-build schemes across the UK and a member of the National Custom and Self Build Association.

2.4 The objector's issue is limited to question 10: *Are the overall policy requirements justified and is the policy effective and consistent with national policy?* For the reasons set out in the full Local Plan representation it is considered the policy will not be effective or consistent with national policy in relation to the delivery of custom and self-build housing.

2.5 Rather than repeat the points previously made it is considered appropriate to refer to the formal representation submission, which follows.

**REPRESENTATION ON BEHALF OF KINGSPAN TIMBER SOLUTIONS (TRADING AS
POTTON) IN RESPECT OF THE HUNTINGDONSHIRE LOCAL PLAN TO 2036:
PROPOSED SUBMISSION POLICY LP26 AND THE INTENDED STRATEGY FOR THE
DELIVERY OF SELF AND CUSTOM BUILD HOMES**

1.0 Introduction

1.1 Brown & Co Barfords have been instructed to submit the following **Objection** on behalf of Kingspan Timber Solutions (Trading as Potton) in respect of Policy LP26 in the Huntingdonshire Local Plan to 2036: Proposed Submission document that sets out the Council's intended strategy for the delivery of self and custom-build homes over the plan period.

1.2 Based within Huntingdonshire with its production and marketing centre at Great Gransden, Potton is the UK's leading and best known manufacturer of prefabricated kit houses and timber frame systems, specialising in designing and delivering bespoke self-build and custom build homes. The company has designed over 7,500 self-build properties and is a leading promoter in the delivery of self-build schemes across the UK and a member of the National Custom and Self Build Association.

1.3 Brown & Co Barfords is a business of chartered surveyors and planning consultants based in St. Neots that for the past 40+ years has been actively involved in handling planning applications and the marketing and sale of development land and building plots. This provides us with a good insight into the local development market and the demand for self and custom build plots. Through our land marketing we are aware there is significant local demand for self and custom-build plots and this is much greater than the Council's Self-build Register suggests.

2.0 The Custom and Self-Build Market

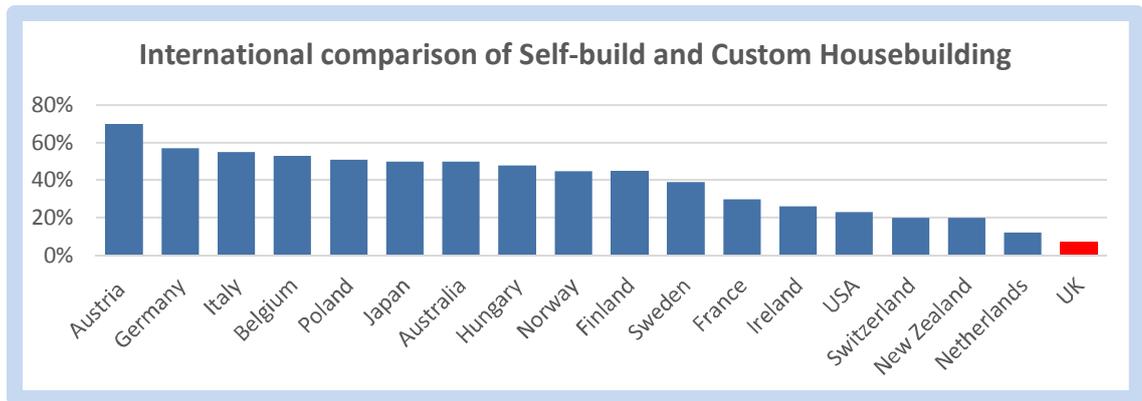
2.1 Custom build housing is where a builder is contracted by a home owner to create a custom-built home or self-build is where an individual builds their home as a DIY self-build project. This form of housing can include:

- single detached homes on small plots in rural areas;
- larger scale sites with hundreds of homes;
- community self-build projects;
- blocks of apartments commissioned by a group of people in an urban area.

2.2 Custom build or self-build offers more local choice and better value for money so that housing can be more affordable by enabling the following savings:

- The elimination of a developer's profit, which on general house builder developments will be in the range 20-25% (gross)
- No CIL liability.
- No stamp duty which would normally be payable on the full transfer price of the house (ranging from 1% - 3% on prices between £125,000 and £500,000 respectively)
- Savings arising due to the ability of the self-builder to source/manage elements of the construction (e.g. kitchen and bathroom fittings, internal and external decoration, flooring etc)
- Ability to reclaim VAT.

2.3 These clear financial benefits enable people to achieve homes they could not otherwise afford. Additionally, this can help smaller builders who have not experienced the same level of recovery as the large housebuilders since the financial crisis. However, despite the benefits, the take up of self-build development in the UK is less than achieved elsewhere in Europe.



Source: National Custom and Self Build Association (2016 update, unpublished)

3.0 Government Policy

3.1 In the Budget 2014 the Government announced that it would consult on a new Right to Build to give prospective custom builders a right to a plot from councils **to address the first critical barrier to greater take up of custom build – the availability of suitable, serviced plots of land.**

Government Policy Paper 2010 to 2015

- 3.2 In light of the benefits the Policy Paper 2010 to 2015 government policy: house building Appendix 11: custom build housing, stated the Government is committed to removing the main barriers which hold back many thousands of custom build projects every year by making it easier for more people to build their own home and **make custom build a mainstream option for future home owners**, not an exception for a privileged few.

Housing White Paper- fixing our broken housing market

- 3.3 The Government's Housing White Paper sets out the Government's clear support for Custom built homes to support the diversification of the house building market and asks Councils to take sufficient action to promote opportunities for Self-build and Custom Housebuilding.

Self-build and Custom Housebuilding Act 2015

- 3.4 Under the Act prospective self and custom builders are able to register their interest with a local authority, who will then be required to offer suitable serviced plots for sale at market value. Since the 1st April 2016 the Act has placed a duty on local authorities to keep a register of individuals and associations of individuals (community groups) who have expressed an interest in acquiring land to bring forward self-build and custom-build projects. Local authorities are also required to take account of and make provision for the interests of those on such registers in exercising their planning and other functions, and in their Local Plans and five-year housing supply figures.

The Housing and Planning Act 2016

- 3.5 Clause 10 of the Act, which amended the Self-build and Custom Housebuilding Act, introduced a statutory duty requiring local planning authorities to grant sufficient suitable development permissions to meet the demand for self-build/custom build in their areas on a rolling basis. This duty was commenced on 31 October 2016 and therefore forms an important material consideration to be taken into account in the preparation of Local Plans.

National Planning Policy Framework and Planning Practice Guidance

- 3.6 This makes it clear that local planning authorities need to identify local demand for custom build or self-build and make provision for it in their local plans. Paragraph 50 requires local planning authorities to plan for a mix of housing based on current and future demographic trends, market trends and the needs of different groups in the community, including people wishing to build their own homes. Paragraph 159 requires local planning authorities to have a clear understanding of housing needs in their area and prepare a Strategic Housing Market Assessment that addresses the need for all types of housing, including people wishing to build their own homes.
- 3.7 To reflect the National Planning Policy Framework and the provisions in the Housing and Planning Act 2016, the National Planning Practice Guidance explains *‘authorities must give suitable development permission to enough suitable serviced plots of land to meet the demand for self-build and custom housebuilding in their area. The level of demand is established by reference to the number of entries added to an authority’s register during a base period’*. Further *‘At the end of each base period, relevant authorities have 3 years in which to permission an equivalent number of plots of land, which are suitable for self-build and custom housebuilding, as there are entries for that base period’*. The implication of the Act, national policy and the guidance is that local planning authorities have to deliver a specific quota of self and custom build plots on a rolling basis as well as assess longer term demand, and include proposals to meet such demand over the period of their Local Plans.
- 3.8 The Government’s expectation about the role Local Plans can play in addressing the needs of people wanting to build their own homes is also highlighted in the letter from the Minister for Housing and Planning to all English local authorities on 5 March 2015. This made it clear that Plans risk being found unsound if they fail to provide sufficient evidence to demonstrate that they have taken the demand for people who want to build their own homes into consideration.

4.0 The Huntingdonshire Proposed strategy

- 4.1 The Local Plan strategy for the delivery of self and custom build development plots is addressed in proposed Policy LP 26 ~~±~~Housing Mix. This states *‘Where appropriate, the Council will work with developers, registered providers, landowners and relevant individuals or groups to address identified local requirements for self and custom-build homes as identified in the Huntingdonshire self and custom-build register’*.

4.2 The text that accompanies the Policy (para 7.23) explains *‘Development of self and custom-build homes, defined in the ‘Glossary’, is growing in popularity as an alternative way for individuals and community groups to provide housing to meet particular needs either individually or for local communities. Under the Self-build and Custom Housebuilding Act 2015, the Council maintains a custom and self-build homes register to establish the level of demand for housing of this type, and must have regard to this in fulfilling its planning and housing functions. The Council will work with partners to establish how serviced plots may effectively be provided to meet the identified demand. In particular, proposals for large scale major residential development, defined in the ‘Glossary’, will be encouraged to provide plots for sale for self and custom-build housing serviced with access to water, waste, electricity and telecoms/ broadband. There is no requirement for plots to be made available at below market value but they should be reasonably priced reflecting prevailing market values for such plots. Reference should also be had to advice from the National Custom and Self Build Association and developing best practice’.*

5.0 **Proposed Strategy Assessment**

5.1 Fundamentally, given the statutory duty under the Self-build and Custom Housebuilding Act 2015, as amended by the Housing and Planning Act 2016, we believe the delivery of self and custom build homes warrants its own specific and deliverable policy and this cannot simply be ~~tagged~~ onto a policy referring to housing mix for larger sites.

The level of demand

5.2 The proposed policy states the aim to address the local requirements for self and custom-build homes identified in the Huntingdonshire self and custom-build register. To date the Council’s strategy for the delivery of self and custom build development plots has been limited to the creation of a Register on the Council’s web site. However, this is ~~hidden~~ behind the Planning/New Local Plan to 2046/ Monitoring, Research and Evidence Base page, and then applicants have to navigate the Council’s Consultation Portal to be able to register. This is not easily accessible or easy to navigate and clearly the Council has not met the advice in the National Planning Practice Guidance that *‘To promote self-build and custom housebuilding relevant authorities should consider having a dedicated part of their website for self-build and custom housebuilding’* (Paragraph: 022 Reference ID: 57-022-20170728 Revision date: 28 07 2017).

- 5.3 Paragraph 159 of the National Planning Policy Framework states the Strategic Housing Market Assessment should address the need of all types of housing including *‘people wishing to build their own homes’*. The National Planning Practice Guidance further clarifies *‘Local planning authorities should use the demand data from the registers in their area, supported as necessary by additional data from secondary sources (as outlined in the housing and economic development needs guidance), when preparing their Strategic Housing Market Assessment to understand and consider future need for this type of housing in their area’*. (Paragraph: 011 Reference ID: 57-011-20160401 Revision date: 01 04 2016). Disappointingly, neither the Cambridge Sub-region’s Strategic Housing Market Assessment 2013 nor the Huntingdonshire Objectively Assessed Housing Need April 2017 Update consider the demand for self and custom build plots.
- 5.4 The National Planning Practice Guidance clarifies that authorities when plan-making should use their evidence on demand for this form of housing from the registers that relate to their area in developing their Local Plan and associated documents (Paragraph: 014 Reference ID: 57-014-2017072 Revision date: 28 07 2017). In this respect the Council’s Annual Monitoring Report 2017 identified that between the 1st April 2016 and 31st March 2017 there were 23 eligible respondents on the Register, with a further 18 eligible respondents on the Register between the 1st April 2017 and 30th October 2017. The Right to Build Register held just 41 people at 31st October 2017. However, a Freedom of Information Request by the National Custom Self-Build Association found that at 31st October 2017 Councils in England on average had around 100 individuals and groups of individuals on their Right to Build Registers with the neighbouring authorities around Huntingdonshire showing a much stronger demand. South Cambridgeshire had 750 entries; Central Bedfordshire 226 and Bedford 137. This significant variation with the Huntingdonshire Register is considered to reflect the fact the Council has taken no proactive drive to create an awareness of the Register and the delivery of self and custom build plots, unlike other Councils, such as South Cambridgeshire - a Vanguard authority, despite the express requirement under Section 1(2) of the Self-build and Custom Housebuilding Act 2015 which requires each Council to publicise its register.
- 5.5 As explained in the introduction, Brown & Co Barfords is actively involved in the marketing of plots for development and currently we have 182 applicants on our mailing list specifically seeking plots in Huntingdonshire, with a further 284 seeking plots across Cambridgeshire, including Huntingdonshire. In addition, Potton has a mailing list of people who have expressed an interest in self and custom build and this has 1,140 names with a 20-mile radius of the business. Information from BuildStore (the UK’s leading supplier of support and services to

self-builders and renovators) indicates similar levels of demand with some 1,300 people registered as looking for plots to Custom Build in Huntingdonshire. These much higher figures substantiate that the Council's register does not reflect the true level of demand and we consider this reflects the Council's low key approach to promoting and creating awareness for self and custom build. Therefore, the Council's custom-build register should not be relied on as an appropriate target for assessing the quantum of demand to inform the Local Plan.

The Policy

- 5.6 The policy states the aim to address the identified local requirements identified in the Huntingdonshire self and custom-build register, however the policy does not go far enough to address how this will be delivered, lacking any specific requirements, mechanism or certainty for **'increasing the availability of land for self-build and custom housebuilding'** which is the aim of the duties in the 2015 Act explained in the National Planning Practice Guidance (Paragraph: 023 Reference ID: 57-023-201760728 Revision date: 28 07 2017). For example, if the register had 200 people, how will the Council ensure this number of plots is delivered? The policy reference to **'where appropriate'** is also unclear, how it will be applied?
- 5.7 Referring specifically to the text that supports proposed Policy LP26, this states the aim to work with developers and paragraph 7.23 explains proposals for large scale major residential development will be encouraged to provide plots for sale for self and custom-build housing. However, this strategy will have limitations as larger house builders are generally averse to including self-build on larger and allocated developments because they often assert that it could reduce the profitability of the development as the builder will not be able to realise the profit from the house build construction. They may also raise concerns in respect of the design and compatibility with the general estate layout and the uncertainty this may create, which they may argue could impact on sales. To reflect this house builders could look to reduce their residual land value bids, making it more difficult to secure sites. Some self and custom builders on the register may also not want to build a home on a volume housing site and therefore the Council's objectives to support self and custom housebuilding will not be realised.
- 5.8 The developer for large scale proposals will also expect the self-builder to pay the full open market residential land value and in the process depending on the price paid, incur a stamp duty liability. Also, as part of a large development there will be higher infrastructure S106 costs and land servicing costs, which the developer will expect to pass on to the self and custom builder. This will undermine the affordability benefits that self and custom build is intended to deliver.

5.9 The text accompanying the policy offers no guidance or proposals in respect of how self and custom build plots might be sought on developments of less than 200 dwellings and what *'will be encouraged'* means in practice. Within the smaller villages there will be the ongoing scope for self-build opportunities on small windfall infill detached house developments. However, with the increasingly limited opportunities for infill development and the competitive demand, the smaller infill developments pose serious affordability problems for many. Additionally there is currently already benefit in a landowner selling plots to self-build purchasers on small developments of 1 or 2 units as they will generally be prepared to make higher bids than small builders due to the fact the self-build will be exempt from paying CIL and will not have to realise a profit. Additionally, the self-builder will have an aspirational aim to realise their dreams and will be prepared to outbid the small builder. Consequently, there is no reason to suppose the limited windfall opportunities that are available in small villages will result in the delivery of more self-build plots, which is the intention of the Act and Government strategy.

5.10 On windfall or allocated development opportunities of more than 2 houses the delivery of self-build is more complicated for the following reasons:

- To enable the land to be sold as individual self-build plots will generally require infrastructure such as roads and services to be provided. If the land owner has to provide this then the land owner effectively becomes a trader in land which may alter his tax position. The land owner will also have to fund the provision of the infrastructure and accept the sales receipts in stages giving rise to potential financial and taxation problems.
- If not adequately marketed and sold with suitable constraints, the land owner is at risk of the plots potentially being blighted by a sold plot not being completed or remaining dormant and the land owner not be in control of the style/quality of the dwelling to be erected.

For the above reasons it is our experience that the sale of windfall sites larger than two properties to individual self-builders is generally not attractive to landowners who are likely to favour an outright sale to a small house builder.

5.11 The Policy refers to the aim to work *'with landowners and relevant individuals or groups to address identified local requirements for self and custom-build homes'* and we question what this means and how it will assist in the delivery of serviced building plots to meet local demand over the Local Plan period. For example, will the Council support a self and custom build proposal on sites outside the built up area of a settlement where it would refuse general housing development and/or will it positively consider and promote redevelopment of existing brownfield sites for self and custom build housing?

5.12 In light of the above and to satisfy the requirements in paragraph 154 of the National Planning Policy Framework that *‘only policies that provide a clear indication of how a decision maker should react to a development proposal should be included in the plan’*, Policy LP26 needs to be revised to set out a clear and specific mechanism for the delivery of self and custom build plots at a level that will meet the demand over the Local Plan period.

6.0 Conclusions

6.1 For the above reasons the Council’s proposed Policy LP26 will not realise the Government’s stated aim to improve significantly the new self and custom build opportunities and the availability of land for self-build and custom housebuilding, and this will not ensure the Council is able to meet the duty in the Self-build and Custom Housebuilding Act 2015 (as amended by the Housing and Planning Act 2016).

6.2 Achieving the successful delivery of self-build plots is dependent on the Council adopting a more proactive approach, such as supporting self-build developments on appropriate well related sites on the edge of settlements, as allowed for in Policy LP10 using a planning obligation to ensure the site is developed for self and custom build plots. Alternatively, the Council should allocate sites exclusively for self and custom build units in appropriate locations, including on the edge of settlements.

6.2 In conclusion the lack of a specific mechanism or target for securing the delivery of self and custom build plots within Policy LP26 means **the proposed policy fails the test of soundness** required by paragraph 183 of the National Planning Policy Framework, due to it not being:

- ~~Positively prepared~~ as it is not based on a strategy to meet the objectively assessed development requirements;
- ~~Justified~~ as it does not represent the most appropriate strategy;
- ~~Effective~~ as it does not provide a clear mechanism for ensuring the delivery of self and custom build plots; or
- consistent with national policy that expresses the aim to improve significantly the new self and custom build opportunities and the availability of land for self-build and custom housebuilding.